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Council Agenda: 11/04/03
Item: 4.7



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Stephen M. Haase
Larry D. Lisenbee

**SUBJECT: FUNDING AGREEMENT FOR
THE EVERGREEN SMART
GROWTH STRATEGY AND
RELATED DOCUMENTS**

DATE: November 3, 2003

Approved

Date

11/3/03

Council District: 8
SNI Areas: KONA
and West Evergreen

RECOMMENDATION

It is recommended that the City Council take the following actions to establish 2003-2004 funding for the preparation of the Evergreen Smart Growth Strategy, Evergreen Area Development Policy update, and related environmental documents:

- A. Approve a funding agreement with Yerba Buena Opco, Inc. for the work associated with the preparation of the Evergreen Smart Growth Strategy, Evergreen Area Development Policy update, and related environmental documents in an amount of approximately \$8.8 million for a term from November 4, 2003 to June 30, 2005; and delegate the authority of approving minor amendments to the funding agreement to the Director of Planning, Building and Code Enforcement to account for increases in funding received from Yerba Buena Opco, Inc. and minor schedule or task changes that remain consistent with the information contained in and the goals identified in this memorandum, and delegate to the Director the authority to extend the term of the agreement for up to 18 months.
- B. Adopt 2003-2004 Appropriation Ordinance and Funding Sources Resolution Amendments in the General Fund as follows:
 1. Establish a City-Wide expenditure for the Evergreen Smart Growth Strategy in the total amount of \$235,590 for November 2003 through June 2004; and



2. Increase earned revenue from Other Revenue by \$235,590.
- C. Authorize the creation and filling of a temporary 1.0 FTE Senior Planner position through June 2005 to complete the Evergreen Smart Growth Strategy, update of the Evergreen Area Development Policy, and related environmental documents.

BACKGROUND

The Evergreen area is generally considered that part of San Jose within the Urban Growth Boundary east of Highway 101 and south of Story Road. Evergreen has many important assets, including but not limited to strong neighborhoods, public schools, Evergreen Valley Community College, small business enterprises, creek resources, Eastridge Shopping Center, Lake Cunningham Park, and other City facilities. In the past, several planning and policy efforts have been completed to guide land use and development in the Evergreen area. These past and more recent activities, summarized below, have created momentum for creating a new vision to direct infill development in Evergreen consistent with Smart Growth principles.

Evergreen has experienced significant housing growth, facilitated by the Silver Creek Planned Residential Community, the Evergreen Specific Plan, and the Evergreen Area Development Policy. Due to the traffic constraints in Evergreen making it difficult to meet the Citywide Transportation Level of Service Policy, a special traffic policy (called the Evergreen Area Development Policy) was adopted by the City Council to allow for a specified amount of development as reflected in the San Jose 2020 General Plan.

In 2001 and 2002 respectively, the City Council adopted the West Evergreen and KONA Strong Neighborhoods Initiative (SNI) Improvement Plans. Based on significant community involvement through the West Evergreen and KONA Neighborhood Advisory Committees (NACs), the Plans identify "top ten" action items to enhance existing and create new community facilities, trails, and other investments.

In November 2002, the Evergreen-Eastridge area was selected by the Knight Program in Community Building for a charrette, engaging the City, various stakeholder groups, the broader community, graduate students, and outside technical experts in an intensive five day planning exercise. The result was a report suggesting options for future land use development, transportation, and community facilities, building upon prior planning efforts such as the two SNI Plans.

Also in 2002, two major Evergreen property owners applied for General Plan amendments to add housing and retail development. Any new housing requires an update to the Evergreen Area Development Policy because the current traffic policy does not accommodate housing growth beyond the existing General Plan.

Rather than piecemeal General Plan changes and Evergreen Area Development Policy modifications, these and other key property owners agreed to explore the possibility of participating in a larger, comprehensive land use and transportation plan. As part of the

exploration, the property owners paid for an initial traffic study, completed in Spring 2003, to examine the remaining major land use development opportunities, potential traffic impacts, and possible transportation improvements that would be required to facilitate these development options. The study found that new housing could be built in Evergreen and that traffic would generally remain at its current condition if major improvements were made to Highway 101 and Capitol Expressway, and if the planned jobs in Edenvale and North Coyote Valley were in place.

Encouraged by the results of the initial traffic study, these property owners have now agreed to fund an Evergreen Smart Growth Strategy intending to:

- Determine a community-based vision to guide future development in Evergreen, including a clear concept of the future character of the area.
- Identify potential General Plan land use changes and design guidelines to reflect the vision.
- Determine transportation improvements needed to support the level and type of envisioned development.
- Identify other community investments needed to reflect the vision.

In addition to the Evergreen Smart Growth Strategy, other products would be land use amendments to the General Plan, an update to the Evergreen Area Development Policy, implementation of an infrastructure funding mechanism, and the completion of necessary environmental studies and documents.

ANALYSIS

The Evergreen Smart Growth Strategy requires the participation of the community, property owners, City staff, and consultants. Under the leadership of Councilmember David Cortese, a community task force has been established for this planning effort with representatives from major community, neighborhood, school, and business groups. Some of these task force members participated in the KONA or West Evergreen SNI Plans and/or the charrette. The task force has begun to meet, learning about background conditions and developing a set of guiding principles for later application in the formulation of the Plan. Property owners and other interested parties will soon be invited to attend task force meetings. The meetings are open to the public.

Consultant assistance is needed in the areas of traffic analysis, urban design, and environmental assessment. Traffic studies would analyze different land use scenarios and modifications to the traffic policy (i.e., the Evergreen Area Development Policy). Urban designers would help depict different land use scenarios and vision elements as well as recommend design guidelines for future development. Environmental consultants would complete an Environmental Impact Report to provide clearance for the Evergreen Smart Growth Strategy, update to the Evergreen Area Development Policy, and General Plan amendments. Depending on funding and the interest of the owners, some (or all) of the amendment sites may also obtain their zoning

entitlements at the time that the City Council considers this policy package for Evergreen. Some of these consultants are already under contract with the major Evergreen property owners.

Planning staff would manage the overall planning effort by:

- Facilitating the timely completion of all work products,
- Providing support and guidance to the task force process,
- Engaging other stakeholders as necessary and appropriate,
- Directing and reviewing the work of the consultants,
- Collaborating with other City departments to craft the update of the Evergreen Area Development Policy,
- Processing the General Plan amendments (and possible rezoning applications) and environmental documents,
- Preparing the final documents for review and public hearing, and
- Initiate and complete an infrastructure financing mechanism.

Consistent with the Mayor and Council's budget direction regarding the requirement for outside funding for new long range land use planning efforts, the major Evergreen property owners have agreed to pay City staff and consultant costs for the preparation of the Evergreen Smart Growth Strategy, Evergreen Area Development Plan update, and related environmental documents. The funding agreement provides support for one temporary FTE Senior Planner through June 2005 to manage this planning effort and money to fund additional staff from Planning, Public Works, Transportation, and/or the Attorney's Office on a time and materials basis, as needed. PBCE intends to transfer an existing Senior Planner to the Evergreen Smart Growth Strategy and temporarily "backfill" the position in order to complete other Council priorities as set forth in the FY03/04 Operating Budget.

The entire estimated budget for this effort is approximately \$8.8 million. It is assumed that the effort would conclude in June 2005 with the City Council's consideration of the Evergreen Smart Growth Strategy and related items. The estimated costs through June 2004 are approximately \$235,590 and the owners are intending to advance that funding on an aggressive schedule.

The City Council is being asked to delegate approval authority to the Director of Planning, Building and Code Enforcement for minor amendments to this agreement, such as accounting additional funds for this effort provided by the major Evergreen property owners and amending schedules or task in a manner that remains consistent with the information contained in this memorandum.

OUTREACH

The Evergreen Smart Growth Strategy process involves extensive participation through open community task force meetings, broad community meetings at key points in the process, and ultimately public hearings before Planning Commission, other relevant City Commissions, and the City Council.

COORDINATION

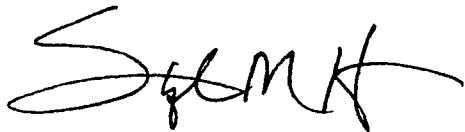
The preparation of this memorandum and cost estimates was coordinated with the City Attorney's Office, Department of Public Works, and Department of Transportation. The preparation of the funding agreement was coordinated with the City Attorney's Office.

FISCAL IMPLICATIONS

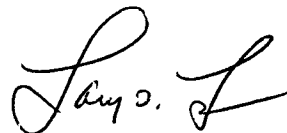
In February 2003, the City Council approved the Mayor's Budget Strategy memorandum setting forth specific guidance to control costs. With respect to long range planning, the direction was "to defer or suspend advance land use planning efforts without outside funding." Per this Council direction, Planning staff and the City Attorney's Office have negotiated a funding agreement with self-selected Evergreen property owners who are volunteering to finance the preparation of the Evergreen Smart Growth Strategy, Evergreen Area Development Policy update, and related environmental documents. This property owner group is called Yerba Buena Opco, Inc.

CEQA

Exempt, PP03-10-349.

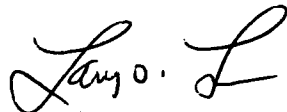


STEPHEN M. HAASE, DIRECTOR
Planning, Building and Code Enforcement



LARRY D. LISENBEE
Budget Director

I hereby certify that there will be available for appropriation in the General Fund in the Fiscal Year 2003-2004 monies in excess of those heretofore appropriated therefrom, said excess being at least \$235,590.



LARRY D. LISENBEE
Budget Director